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The state of South-South cooperation

Report of the Secretary-General

Summary

The present report highlights factors behind the growing awareness of and attention to South-South cooperation for development. It is submitted in response to the request of the General Assembly in its resolution 67/227 that the Secretary-General submit to it a comprehensive report on the state of South-South cooperation. Driven by the unprecedented economic performance of the South, the rapid spread of electronic connectivity and buoyant intra-South trade, South-South cooperation has continued to thrive. Sustaining the momentum of a rising South and directing South-South cooperation to the urgent task of tackling poverty require more institutionalized and coherent multilateral support that particularly enhances the productive capacity of least developed countries.

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I. Introduction

1. In 2012, developing countries accounted for nearly half of world gross domestic product; by 2020, just three of them, Brazil, China and India, are projected to account for more world output than Canada, France, Germany, Italy, the United Kingdom of Great Britain and Northern Ireland and the United States of America combined.[1] By 2025, the South is likely to account for 600 million households earning more than $20,000 and an overall annual consumption of $30 trillion. All regions of the South have experienced growth during the most severe recession in the North since the Great Depression. This unprecedented achievement and prospect, in combination with the rapid spread of electronic connectivity across the South, point to new levels of strength and effectiveness for South-South cooperation.

2. Over the review period, South-South cooperation advanced on all fronts. At the political and strategic levels, new international alliances deepened with the aim of rebalancing power equations and reforming the existing architecture for international cooperation. Governments of developing countries voiced their intention to take on board new responsibilities to ensure the economic, social, environmental and political sustainability of global welfare and growth. At regional and global forums, they made it clear that only within that broader agenda can the rise of the South be sustainable. The strongest dynamism in South-South cooperation continued to be seen at the regional and interregional levels. However, achieving the potential of South-South cooperation and its impact on least developed countries remain less than optimal.

3. In the United Nations system, Member States deliberated on a wide range of policy, institutional and operational issues regarding South-South cooperation. They reaffirmed its fundamental principles and objectives as set out in the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries[2] and the Nairobi outcome document of the High-level United Nations Conference on South-South cooperation (General Assembly resolution 64/222, annex). By renaming the Special Unit for South-South Cooperation the United Nations Office for South-South Cooperation, Member States affirmed its system-wide coordination role. To further improve the governance of multilateral South-South cooperation, the Group of 77 proposed that the High-level Committee on South-South Cooperation be renamed the Commission on South-South Cooperation. By taking note of the framework of operational guidelines of the Secretary-General on United Nations support to South-South and triangular cooperation, Member States clearly expect all United Nations organizations and specialized agencies, funds and programmes, including regional commissions, to integrate South-South cooperation operationally into their agency-specific policy and programming instruments and activities.

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[1] *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World* (United Nations publication, Sales No. 12.III.B.1).

[2] *Report of the United Nations Conference on Technical Cooperation among Developing Countries, Buenos Aires, 30 August-12 September 1978* (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

4. The present report, which covers 2012 and the first half of 2013, is based on a review of the relevant literature and information provided by United Nations organizations and agencies.

II. State of South-South cooperation

A. New political dynamics

5. The rapid growth of developing countries and their continued resilience in the face of a global financial and economic crisis have brought South-South cooperation much attention in recent years. The political support for and the body of expert information on the effectiveness of such cooperation are at their greatest levels in three decades. South-South cooperation itself has expanded significantly in scope and content.

6. At the United Nations, the Group of 77 and China remain the main force in articulating common positions of the South in major multilateral conferences and processes dealing with the array of socioeconomic matters covered in the Buenos Aires Plan of Action. In addition, debates on the post-2015 development agenda have highlighted the need to reinforce the Millennium Development Goals with a new framework that captures the nexus between peace, security and development. In setting the post-2015 development priorities, African States have emphasized South-South and triangular cooperation and the need to eliminate systems permitting tax avoidance and money laundering that have drained from their economies 10 times the amount received as official development assistance (ODA). Continuing South-South cooperation in these matters will add important new policy dimensions to international affairs and reorient the joint operational action that developing countries are taking to advance sustainable development.

7. The most notable expression of this commitment to date came in March 2013, when at the fifth BRICS (Brazil, Russian Federation, India, China and South Africa) summit it was decided to establish the BRICS Development Bank, a BRICS Contingency Reserve Arrangement and a BRICS Business Council to address the financial, infrastructure, energy and telecommunications needs of the South. Measures to strengthen United Nations institutional support for South-South cooperation also featured prominently in the deliberations of the Committee on South-South Cooperation in 2012. The High-level Committee accordingly adopted a decision by which it called upon the Secretary-General to provide concrete proposals on how the newly renamed United Nations Office for South-South Cooperation was to be strengthened.

8. The relationship between industrially developed countries and South-South cooperation is complex at a time when such countries are experiencing a deep financial and economic downturn. Their austerity measures, reductions in flows of development finance, currency devaluations and new barriers to trade have contributed to slowing the growth of all emerging economies. However, triangular cooperation has been sustained and continues to have a valuable multifaceted role, especially in supporting knowledge hubs and networks. The emergence of a number of developing countries as providers of development assistance has led member countries of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) to study and discuss the concepts,

definitions, policy frameworks and evaluation benchmarks for South-South cooperation, with a view to formulating a common standard of aid effectiveness for both Northern and Southern providers of development assistance. The major providers of South-South development assistance acknowledged the need to improve the transparency and effectiveness of South-South cooperation among themselves while affirming that South-South cooperation is a partnership based on solidarity, equality, respect for sovereignty, non-interference in domestic affairs and mutual benefit. These principles are different from those of the aid effectiveness agenda and the norms and standards for delivering and evaluating North-South aid established by the Development Assistance Committee. This divergence was discussed at the Conference of Southern Providers of Development Cooperation that was convened in New Delhi in April 2013 by the Department of Economic and Social Affairs of the Secretariat and the Government of India with the participation of delegates from Africa, Asia and Latin America.

9. The Conference delegates noted that the reason for making these distinctions and rejecting common parameters was the trust deficit in North-South relations and the prospect that any agreed norms would solidify into an unfair scorecard. However, they said that there was a need to discuss proactively some of the issues that had been raised. Delegates emphasized the need for better data about South-South cooperation, stronger arrangements for region- and country-specific evaluations and a new inclusive institution to anchor the coordination of strategy, policy and operations on South-South cooperation.

B. Economic achievements and issues

10. The most dynamic area of achievement has been economic. In a period of recession and slow growth in industrialized countries, the economies of developing countries have continued to grow, albeit at a slower pace than in previous years. Despite the economic slowdown, South-South trade has grown to unprecedented levels. Trade in intra-South merchandise and manufactured products is at a historic high and now exceeds such exports to the North. About 56 per cent of exports from developing countries went to other developing countries in 2011.[3] Even when China is excluded, South-South trade has been growing at an average rate of 17.5 per cent a year over the past decade, with trade in manufactured goods expanding as rapidly as trade in commodities. The share of the most heavily exported manufactured products from developing countries, including computer equipment, parts for telecommunication equipment, valves, tubes, diodes, transistors and office equipment parts and accessories, amounted to more than 60 per cent of the world total for 2010 and 2011.[4] That figure represented a gain of more than 30 percentage points compared with 1995 and 1996. The most rapid rise in export share for developing economies has been in ship construction. In 2010 and 2011, ships and floating structures, including cruise and cargo ships, barges and other vessels, built in developing economies grew to 64.7 per cent of the global total, an increase of 37.4 percentage points from 1995 and 1996. The principal net exporters were China, the Republic of Korea and India. The main destinations were China, Singapore and

[3] United Nations Conference on Trade and Development (UNCTAD), *South-South Trade Monitor*, No. 2 (July 2013).

[4] *World Investment Report 2013: Global Value Chains: Investment and Trade for Development* (United Nations publication, Sales No. E.13.II.D.5).

Hong Kong, China, as well as open registry countries, such as Liberia, the Marshall Islands and Panama.

11. Finance is another area of South-South cooperation that exhibits considerable dynamism. Developing countries now provide 33 per cent of global investments and are projected by the World Bank to account for more than half of total capital stock by 2030.[5] In 2012, overall global foreign direct investment (FDI) declined by 18 per cent, whereas flows to the least developed countries rose by 20 per cent to a record $26 billion. The landlocked developing countries remained resilient and two resource-rich small island developing States received significant financing. Investment flows to Africa and South America also defied the global trend, but those to Asia did not. South-South investment flows dominated in the landlocked developing countries, and the share of greenfield investment projects from developing economies jumped from 41 per cent of total projects in 2011 to 66 per cent in 2012. However, all of these increases in financing were for mines, oil wells and the infrastructure necessary to export the extracted minerals; South-South investments did not break the established North-South pattern.

12. Perhaps the most important economic initiative related to South-South cooperation during the period under review emerged from African dialogue aimed at shaping the post-2015 development agenda. It involved members of parliament and representatives of civil society, media, academia and the private sector, who, emerging from a series of meetings preparatory to the Global Thematic Consultation on Governance and the Post-2015 Development Agenda, issued a statement at the Pan-African Parliament in Johannesburg, South Africa, in which they noted that the post-2015 agenda offers an opportunity to frame a vision of development that is integrated, situated in political economy and responsive to the political, social, economic and ecological transformation imperatives facing countries and regions. Emphasizing that the importance of an enabling global development architecture cannot be emphasized enough, the statement included a call for reform or the creation of global governance arrangements and institutions that support an environment for economic transformation and democratic governance in Africa. Such a measure would require development to be responsive to the needs of people and the use of public resources for public good. To that end, the post-2015 development architecture would need, inter alia, to provide for a stable, resilient and sustainable global financial system that is conducive to productive investment and the transfer of resources from rich countries to poor countries, rather than the other way around. For such a system to serve Africa's development needs, it must tackle tax havens and secrecy jurisdictions that facilitate tax dodging and illicit capital flight and affect the pricing mechanisms that deprive Africa from benefiting from value chains. The statement underlined the need for the post-2015 framework to place firm obligations on States to share information on beneficial ownership of bank accounts and financial assets in order to prevent secrecy in banking and financial operations, which has a corrosive effect on the integrity of institutions by facilitating corruption and undermining tax morale. The statement had considerable resonance, as a number of recent studies had underlined the seriousness of the drain of resources from developing countries. According to one estimate, between 2001 and 2010, developing countries lost some $9.1 trillion in illicit transfers from their

[5] World Bank, *Global Development Horizons: Capital for the Future: Saving and Investment in an Interdependent World* (Washington, D.C., 2013).

economies.[6] More than a quarter of all Latin American household wealth and almost a third of all Middle Eastern and African wealth are estimated to be held in offshore accounts.[7]

C. Social issues and interactions

13. The social backdrop of all South-South cooperation is massive demographic change. The world population is projected to increase from the current 7 billion to 10.1 billion by the end of the twenty-first century, with almost all the growth occurring in 58 "high-fertility" countries, including large countries such as Nigeria, Pakistan and the Philippines, and all of the smaller sub-Saharan least developed countries. Their population, which, along with the rest of South Asia, accounts for the poorest groups in the world, will more than triple by 2100, increasing from 1.2 billion to 4.2 billion. Meanwhile, the populations of Brazil, China, the Islamic Republic of Iran, Thailand and Viet Nam, which now account for the bulk of the people in the "low-fertility" group of countries, will have peaked, as will that of Bangladesh, Egypt, India, Indonesia and Mexico, which are the most populous of the "intermediate-fertility" category.

14. As a result of these trends, South-South cooperation has begun to contend with a massive youth bulge in Africa, while most of Asia and Latin America face a dramatic increase in the proportion of the elderly in their populations. In combination with the different economic growth rates projected for the North and the South, these demographic trends are expected to completely restructure the world economy and create a range of new challenges for South-South cooperation. In order to reap a demographic dividend, the Joint Youth Employment Initiative of the African Union Commission, the African Development Bank, the Economic Commission for Africa and the International Labour Organization (ILO) was launched in April 2013 to support African countries in addressing the growing rates of youth unemployment, a necessity for sustainable economic growth. The World Bank, in its 2012 *Global Development Horizons* report, projected a new level of integration in investment flows and stock of what it described as the "third age of financial globalization". The Asian Development Bank and the Inter-American Development Bank have foreseen the need to change the current pattern of investment flows between their two regions and have begun to work together at the top management level to bring this about.

15. South-South cooperation is also instrumental in meeting the challenges relating to tourism, which is now the basis for the world's largest industry. In 2012, the number of international arrivals reached an all-time record of 1.035 billion, with 539.8 million visitors to Europe, 236.4 million to the Asia-Pacific region, 171.5 million to the Americas, 31.7 to the Middle East, 30.8 million to Africa and 25 million to other regions. Emerging markets are the fastest growing in terms of both sending and receiving tourists, and South-South cooperation has been increasingly important in building and improving tourism infrastructure and services. At the most basic level, such cooperation involves sharing information and

[6] Dev Kar and Sarah Freitas, "Illicit Financial Flows from Developing Countries: 2001-2010", Global Financial Integrity (December 2012).

[7] Boston Consulting Group, "Global Wealth 2011: Shaping a New Tomorrow: How to Capitalize on the Momentum of Change" (Boston, May 2011).

data, especially to achieve consistency and coordination and help to make presentations to travel agents outside the region. At a more advanced level, it involves shared marketing, sales and reservations systems. South-South cooperation in creating regional airlines and hospitality chains has been slow to gain momentum in most parts of the South.

16. Migration is another major social factor that is receiving increasing attention from South-South cooperation policymakers and practitioners. There are more than 215 million international migrants and over 700 million internal migrants in the world today. Their treatment and status have been receiving increasing international attention, most recently at the Global Thematic Consultation on Population Dynamics, held in Dhaka in March 2013. One aspect of the talks focused on harnessing diasporas for development by engaging their technical skills to benefit home countries and by channelling remittances to fund development. Officially recorded remittance flows to developing countries reached an estimated $401 billion in 2012, which was 5.3 per cent more than in 2011.[8] Remittance flows are projected to grow at an average annual rate of 8.8 per cent during the period 2013-2015, reaching about $515 billion in 2015. These flows are now larger than any other form of foreign financing for developing countries.

17. Trade in cultural products and the mobilization of shared culture to support sustainable development are potentially fruitful areas of South-South cooperation but they have not received much attention from policymakers. Promoting gender equality, social equity and popular participation in democratic governance are areas of significant South-South cooperation, carried out mainly through civil society. In a recent survey, Africa representatives of civil society organizations assessed South-South cooperation between emerging powers and Africa. They voiced concerns that unconditional South-South cooperation could entrench the power of unaccountable political elites at the expense of needed democratic reforms on the continent, but they welcomed the fast and cost-effective contribution of emerging powers to basic infrastructure, technology transfer, telecommunications and access to scholarships.[9]

D. Environment and climate change

18. Global environmental crises, especially the prolonged droughts and increasingly severe weather incidents associated with global warming, have been a mounting concern for developing countries. During the period under review, there were intense regional and interregional consultations and cooperation in preparation for the United Nations Conference on Sustainable Development, which was perhaps the single most important event of recent times concerning South-South cooperation. The outcome document of the Conference, entitled "The future we want" (General Assembly resolution 66/288, annex), was the product of intensive discussions and negotiations within and between the regions of the South. The document set out a comprehensive prescription for the future course of multilateral action and established poverty elimination as the indispensable requirement for sustainable development and the highest challenge. In the document, States

[8] World Bank, "Migration and Development Brief 20" (April 2013).

[9] Sarah Vaes and Huib Huyse, *New Voices on South-South Cooperation between Emerging Powers and Africa: African Civil Society Perspectives*, HIVA Research Institute for Work and Society (Leuven, Belgium, 2013).

recommitted themselves to the purposes and principles of the Charter of the United Nations, full respect for international law and the importance of freedom, peace and security, and pledged respect for all human rights and overall commitment to just and democratic societies for development. At the Conference, States called for a whole new institutional framework for sustainable development that would respond coherently and effectively to current and future challenges, integrate economic, social and environmental aspects of development in a balanced manner and be inclusive, transparent and effective. They also decided to establish a high-level political forum and suggested a mandate that straddled the policy review functions of the Economic and Social Council and perhaps enabled its evolution into a security council of sustainable development. The participants of the Conference asked the General Assembly to begin a process towards agreement on a set of succinctly stated sustainable development goals to take into account the post-2015 development goals that are also in progress.

E. Least developed countries

19. In a period of recurring food, fuel and financial crises, South-South cooperation has been one of the few positive aspects in the economic life of the 48 least developed countries. Remittances from expatriate workers, 80 per cent of whom live in other developing countries, continued to increase during a period of general economic stagnation. Most other indices showed countries in the group to be stagnating. As the participants at the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul, Turkey, in 2011, observed in adopting the Programme of Action for the Least Developed Countries for the Decade 2011-2020,[10] an evidence-based appraisal of the implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 confirms that a more strategic, comprehensive, and sustained approach based on ambitious, focused and realistic commitments is required to bring about structural transformation in least developed countries.

20. The least developed countries are among the countries that are the most vulnerable to climate change, and there is a concerted effort as part of the United Nations Framework Convention on Climate Change to improve their national adaptation planning and put in place specific programmes of action for each country. The Least Developed Countries Expert Group plays an advisory role, the Least Developed Countries Portal provides links to relevant information and analyses and the Least Developed Countries Fund supports action. A number of workshops and seminars were held during the review period, the most recent of which was an exposition held in Bonn, Germany, in June 2013 on the national adaptation plan process. Another major problem that has come into focus is the brain drain from the least developed countries, mostly to developed countries, where nearly two thirds of the emigrants from least developed countries now reside, most of the remaining third being in oil-exporting developing countries. Plans are under way to engage that diaspora in accelerating the development of the least developed countries. The one positive development relating to South-South cooperation relevant to such countries was their success in June 2013 in winning from the World Trade

[10] *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011* (A/CONF.219/7), chap. II.

Organization (WTO) an eight-year extension on access to generic HIV and AIDS drugs. The original exemption, granted under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), was due to expire in 2016. The TRIPS Council of WTO granted the extension, acting on an appeal by Haiti on behalf of all least developed countries.

21. The least developed countries received a record level of investments during the review period but, on closer examination, the statistics reflect flows to a few mineral-exporting countries; 20 least developed countries experienced a decline in FDI. However, South-South cooperation in science, technology and innovation between least developed countries and emerging economies is evolving. An Indian drug company has invested in the pharmaceutical industry in Uganda, while Brazil provides research and educational support to many African countries in science and technology. In 2011, Brazil announced plans to invest more than $2 billion to finance 75,000 African students to study science and technology in that country. These efforts respond to the Programme of Action for the Least Developed Countries for the Decade 2011-2020,[10] which focuses on science, technology and innovation as effective means for national capacity development. There is also immense potential for sustainable development aided by scientific and technological know-how. Harnessing that potential will require a framework to promote South-South collaboration on science, technology and innovation with a view to exchanging experiences in policymaking and in enhancing the capacity of the public and private sectors in the South to use technology productively. It is also important to facilitate technology transfer in key sectors such as agriculture, health, climate change and renewable energy.

III. New dynamism in regional and interregional South-South collaboration

22. During the period under review, regional and interregional economic integration and collaboration continued to gain the greatest traction. Between 2001 and 2011, total trade (exports plus imports) between African and BRIC (Brazil, Russian Federation, India and China) countries grew from $22.9 billion to $267.9 billion. In the same period, total trade between African and OECD countries rose from $189.4 billion to $615.2 billion. BRIC-Africa total trade was 43.6 per cent of OECD-Africa total trade.[11]

23. Two-way trade flows between China and Africa have been the main driver behind expanding BRIC-Africa trade ties. Between 2001 and 2011, China-Africa trade grew from $10.8 billion to $166.2 billion, with China's share of BRIC-Africa trade increasing from 47 per cent to 62 per cent. In the same period, total trade between India and Africa increased from $5.3 billion to $63.1 billion, with India's share of BRIC-Africa trade increasing slightly from 22.9 per cent to 23.6 per cent.

24. During the period under review, Government and corporate leaders in all regions of the South attended many interregional meetings and conducted numerous visits aimed at broadening contacts and exploring opportunities. China and India emerged as strategic partners for Africa and both continued to convene periodic

[11] North-South Institute, "South-South Trade, Investment and Aid Flows", Policy Brief (July 2013).

meetings to discuss priorities and possibilities and make deals on trade, investment, manufacturing and construction. Among the significant recent deals was an $8 billion agreement for China to develop transportation infrastructure in Sierra Leone and the announcement that India was to establish 100 capacity-building institutions in African countries. Periodic meetings of the entire memberships of regional groups became part of the international calendar and brought Latin American States together with African States, Arab States and East Asian States.

25. The Community of Latin American and Caribbean States established formal links with China and India, the leaders of which on many occasions visited developing countries that are potential economic partners in other regions. Two prominent interregional groupings are India, Brazil and South Africa (IBSA) and BRICS. The IBSA trilateral development initiative was a major driver of South-South cooperation in technical, cultural, economic and political exchanges between developing countries of different regions. The three countries entered into partnerships with several specialized agencies of the United Nations to manage their aid. At their 2013 summit, held in South Africa, BRICS decided to establish a development bank and a $100 billion contingency reserve arrangement to tackle any possible financial crisis in the emerging economies.

26. The African Union, the world's most advanced and comprehensive structure for South-South cooperation, is celebrating its fiftieth anniversary in 2013. As African Union delegations paid homage to the spirit and ideals of pan-Africanism and African renaissance, the Pan African University (now the Pan-Atlantic University) provided opportunities to promote innovation, science, entrepreneurship, research, social development and industrialization at its centres of excellence. The decisions taken by participants of the African Union summit indicate the scope of the efforts that continues to drive the continent towards its envisioned future. They include the creation of the Pan-African Intellectual Property Organization and the Committee of African Heads of State and Government on Climate Change, the refocusing of the Economic Commission for Africa (ECA) to support the transformation agenda of the African Union, the establishment of the African Observatory of Science, Technology and Innovation, to be hosted by Equatorial Guinea, the formation of an international constitutional court, the integration of the New Asian-African Strategic Partnership on the structure and processes of the African Union and steps to reduce maternal, newborn and child mortality and morbidity in Africa.

27. Despite the scope of the efforts, major obstacles continue to stand in the way of African development. In 2010, a study noted that the continent had only 204 km of road per 1,000 km^2 (only a quarter of which was paved) and that rail networks were small in most countries and nonexistent in 13. Most African ports were constrained by low capacity and operating efficiencies. Only one fifth of the African population had access to electricity (compared to half in South Asia and more than four fifths in Latin America). In January 2012, the African Union, acting on that logic, adopted a plan for boosting intra-African trade and the establishment of a continental free trade area. Activities in seven key priority clusters were set, including trade policy, trade facilitation, improved productive capacity, improved trade-related infrastructure, increased and more accessible trade finance, better trade information and factor market integration. The target is to raise intra-African trade by 20-25 per cent by 2022.

28. Action on that agenda is already under way in Kenya, Rwanda and Uganda, which have agreed to remove all non-tariff barriers and impose a single tax at the point of entry into their consolidated customs territory. This is expected to reduce from 18 to 5 the number of days necessary to move goods from the Kenyan port of Mombasa to Malaba in Uganda. Furthermore, the countries have agreed to build two pipelines to bring in oil from South Sudan and Uganda will build a new oil refinery. A revamped East African railway system is to be extended to landlocked Rwanda.

29. The Programme for Infrastructure Development in Africa supports the improvement of trade-related infrastructure by providing the strategic framework for the coordination and development of various regional and continental infrastructure initiatives in energy, transport, information and communication technologies and transboundary water resources. The Programme, with total funding of about $11 million, will support through 2030 the development of policies that will form the basis of the institutional arrangements, legal frameworks and financing mechanisms for the implementation and monitoring of the continent's infrastructural programmes. To help African countries to negotiate complex commercial transactions, the African Legal Support Facility continues to support African countries through grants for legal advice. This initiative has now grown to a total membership of 48 countries and six international organizations.

30. In 2012, the Pacific Alliance, a new subregional organization comprising Chile, Colombia, Mexico and Peru, was created in Latin America. The Alliance members, with a combined GDP of nearly $2 trillion, aim to increase their mutual trade and investment flows rapidly by taking down barriers to business. At present, intraregional trade makes up just 27 per cent of total trade in South and Central America, compared with 52 per cent in Asia. The initiative has gained significant corporate interest, judging from the turnout of some 600 corporate executives at the World Economic Forum on Latin America, held in Lima in April 2013, and a smaller but still impressive number at the Alliance summit held in Cali, Colombia, in May 2013. The decision to create a new strongly pro-business subregional organization was a response to the political direction of the 33-member Community of Latin American and Caribbean States, an initiative of the late Hugo Chavez, President of the Bolivarian Republic of Venezuela. Established in 2011, the Community is now presided over by a troika of Chile, Cuba as President pro tempore and Costa Rica. Haiti represents the Caribbean Community in that Bureau.

31. The most sustained success story concerning South-South cooperation in any region continues to be the 10-member Association of Southeast Asian Nations (ASEAN), which has been an important factor in establishing economic and political stability in much of East and South Asia. Following the 1997 Asian financial crisis, an initiative by ASEAN led to China, Japan and the Republic of Korea joining in the financial cooperation mechanism known as the Chiang Mai Initiative. Now multilateral, the Initiative is able to lend to countries that have bilateral currency swap agreements with the primary participants. Discussions are under way to strengthen the Initiative using prudential measures that would involve monitoring the economic performance of countries and establish an early warning system. In November 2011, at the ASEAN summit held in Bali, participants made a far-reaching proposal to establish a comprehensive regional economic partnership that would reconcile two older proposals, namely, the East Asian Free Trade Agreement, between ASEAN plus China, Japan and the Republic of Korea, or ASEAN plus 3, and the Comprehensive Economic Partnership for East Asia, which

would add Australia, India and New Zealand. Talks on the proposal began in early 2013 and are set to conclude by the end of 2015.

32. The South Asian Association for Regional Cooperation (SAARC) experienced a revival of hopes in 2012. For the first time in history, every country in the region had a Government that had come to power by peaceful and democratic transition. In July 2012, the SAARC secretariat convened a meeting of the Directors of its 11 regional centres, who came up with an exhaustive list of recommendations to be included in a comprehensive study on strengthening SAARC mechanisms.

33. A little-noticed success story in subregional South-South cooperation is the Pacific Islands Forum, which brings together the small, widely scattered developing countries of the region with Australia and New Zealand. Initiatives under its aegis have focused on shifting the focus of security policy from the State to individual welfare, moving the most petroleum-dependent area of the world towards use of renewable local sources of energy, empowering women, building climate resilience and promoting carbon-neutral development. There have been exemplary successes, including on the small island of Tuvalu, which is now entirely powered by solar energy, with supplementary power on cloudy days from generators using coconut husks as fuel. Supporting such initiatives is the Pacific Solution Exchange, an e-mail-based group of development professionals and practitioners that began functioning in 2009. In September 2012, the community held its first annual forum.

IV. Global support for South-South cooperation

A. New momentum in triangular cooperation

34. Traditional donors have continued to support initiatives that involve one or more Southern providers of assistance and a number of least developed countries in such areas as sustainable development, economic governance and capacity development through innovative triangular partnership arrangements. The Latin American subregion has benefited from significant development assistance through triangular partnerships. Sustainable development projects and/or initiatives have received significant support from a wide range of Northern development partners and multilateral organizations. Support has been given to projects on, inter alia, conservation and the sustainable use of native plants, strengthening rural fish farming and improving beekeeping diversification in Paraguay and, in the Plurinational State of Bolivia, the transfer of best practices in sustainable fishing and a programme entitled "Amazonia without fire". These projects have been supported by traditional partners, including Canada, Germany, Italy and Japan. Since 2000, programmes supported by the European Union have been shaped by periodic European Union-Latin American-Caribbean summit meetings. In response to demand, three programme priorities have been established, on social cohesion; sustainable development and climate change; and the promotion of higher education and research. Since 2010, the Latin America Investment Facility of the European Commission has directed support towards key strategic sectors. A wide network of partners has been involved in joint projects, including national Governments, judiciary, legislative bodies, local authorities, private enterprises, banks and academia.

35. Support for triangular cooperation in Africa ranges from building national security capabilities to promoting sustainable development outcomes of economic growth and democratic governance. However, there has been increasing support to economic governance initiatives that aim to develop the private sector, promote trade, improve economic governance and promote inclusive and sustainable growth. In January 2012, the United States Agency for International Development launched a major effort to move 30 per cent of its funding to the private sector, entrepreneurs and African civil society organizations. This came as part of an effort to promote private sector-led development and form innovative and high-impact public-private partnerships. Other initiatives were aimed at supporting investment in African small and medium-sized enterprises. A $5 million commitment to the Sustainable Energy Fund for Africa was announced as part the efforts of the United States Agency for International Development to free constraints on small businesses, most of which struggle with inadequate power. The multi-donor trust fund, established to improve how migrant remittances to Africa are transmitted, invested and used to support development in the migrants' home countries, has also received support through the triangular modality.

36. Triangular technical cooperation has continued to contribute to the enhancement of Southern capacity. The Japan International Cooperation Agency has a diversified portfolio of assistance programmes in all regions of the South, ranging from support for the ASEAN University Network to the development of earthquake-resistant housing in El Salvador and Mexico and the strengthening of mathematics and science education in West, Central, East and Southern Africa. Its Asia-Africa Knowledge Co-Creation Programme has grown steadily over the years. Its Coalition for African Rice Development, a long-standing project that involves Japanese plant-breeding experts working with African scientists at several locations to develop breeds of rice suitable for prevailing conditions, will be strengthened in an ambitious effort to double the rice production in sub-Saharan Africa to 28 million tons over the next five years. In Malaysia, its Third Country Training Programme is focused on the consolidation of peace for multicultural nations. At the fifth Tokyo International Conference on African Development, held in June 2013, Japan reiterated its support for the economic growth of Africa by boosting trade, investment and private-sector development with a combination of public and private resources worth about $32 billion, including $18 billion of ODA, over the next five years.

B. United Nations system support to South-South and triangular cooperation

37. The increased awareness of the strategic significance of South-South cooperation in the United Nations system is evidenced by the prominent place accorded to the subject by Member States at the United Nations Conference on Sustainable Development, the sixty-seventh session of the General Assembly, the quadrennial comprehensive policy review, the seventeenth session of the High-level Committee on South-South Cooperation and the ongoing dialogues on the post-2015 development agenda and on sustainable development goals.

38. In their 2012 ministerial declaration, the Group of 77 and China reiterated that the High-level Committee on South-South Cooperation was the central multilateral policymaking body in the United Nations system through which to review and

assess global and system-wide progress on and support for South-South cooperation, including triangular cooperation, and to provide overall guidance on future directions. During the intersessional meeting of the High-level Committee, on 4 June 2013, the Group of 77 proposed that the Committee be transformed into a fully functioning Commission on South-South Cooperation. The Group of 77 also proposed to upgrade the United Nations Fund for South-South Cooperation to a fully functioning voluntary trust fund.

39. During the period under review, Member States also called for more systematic and coordinated support for South-South cooperation across the United Nations system. To this end, they renamed the Special Unit for South-South Cooperation the United Nations Office for South-South Cooperation in response to relevant General Assembly resolutions and decisions of the High-level Committee on South-South Cooperation, as well as the Nairobi outcome document of the High-level United Nations Conference on South-South cooperation, in which Conference participants called for more coordinated, coherent and harmonized support to South-South and triangular cooperation across the United Nations system. At the seventeenth session of the High-level Committee, held in May 2012, Member States requested that the Secretary-General provide concrete recommendations for strengthening the United Nations Office for South-South Cooperation to improve its responsiveness, effectiveness and efficiency and enable it to mainstream South-South cooperation across the United Nations system. At the same session, in a further effort to bolster coordinated support for South-South cooperation by the United Nations system, Member States took note of the framework of operational guidelines on United Nations support to South-South and triangular cooperation. In 2013, at the intersessional meeting of the High-level Committee, Member States requested the specialized agencies of the United Nations, as well as its funds, programmes and regional commissions, to implement the guidelines on an experimental basis and report on lessons learned in the process.

40. A number of United Nations agencies have also stepped up their efforts to further mainstream South-South cooperation in their policies, future strategic frameworks, operational activities and budgets. In its new strategic plan for 2014-2017, the United Nations Development Programme (UNDP) proposed that South-South and triangular cooperation be made "core ways of working" in its programmes and operations at the global, regional and country levels. The Food and Agriculture Organization of the United Nations (FAO), in its medium-term plan for 2014-2017, its programme of work and budget for 2014-2015 and its strategic framework, described South-South cooperation as a key instrument for achieving organizational results. The United Nations Population Fund, in its strategic plan for 2014-2017, described South-South cooperation as a focal strategy for development assistance. Similarly, South-South cooperation was emphasized in the strategic framework for 2014-2017 of the United Nations Volunteers and incorporated into the ILO programme and budget for 2014-2015, and was to be mainstreamed in the future programmes of the United Nations Industrial Development Organization (UNIDO) through its operational strategy.

41. In support of global policy dialogues, United Nations system organizations have convened a number forums, high-level conferences and meetings with the aim of facilitating policy debates and knowledge exchanges, fostering consensus-building and monitoring intergovernmental commitments for the promotion of South-South and triangular cooperation. These dialogue forums have included the

high-level meeting of FAO on ending hunger in Africa, which was jointly organized with the African Union and the Lula Institute in June 2013. The forum facilitated the exchange of good practices and lessons in reducing hunger among countries in Africa, Latin America and Asia. It produced a joint declaration in which participants called for unified and focused actions by all partners to end hunger and malnutrition in Africa by 2025, with a road map including commitments to partnership-building, South-South cooperation and resource mobilization. UNIDO facilitated a high-level round-table discussion on South-South cooperation at the 20th Conference of African Ministers of Industry, which contributed to greater awareness and inclusion of South-South cooperation in the declaration of the Conference. The World Intellectual Property Organization organized two interregional meetings on South-South cooperation to discuss issues relating to intellectual property governance, genetic resources, copyright, patents and trademarks. The meetings facilitated experience-sharing on these issues among developing countries and least developed countries and identified possible areas for their future collaboration. In May 2013, the Economic and Social Commission for Asia and the Pacific (ESCAP) brought together the five regional commissions of the United Nations to work collectively on identifying and fostering good practices in South-South cooperation. One example of such interregional collaboration involves the United Nations Special Programme for the Economies of Central Asia, which provides a framework for promoting South-South and triangular cooperation in the Central Asia region. Managed by the Economic Commission for Europe and ESCAP, it includes seven countries in the region.[12] South-South cooperation has featured prominently in recent meetings organized by the Department of Economic and Social Affairs in Addis Ababa, New Delhi and Vienna in preparation for the 2014 Development Cooperation Forum.

42. In addition to their convening role, the specialized agencies, as well as the United Nations funds and programmes, forged partnerships to scale up South-South cooperation in their areas of competence. UNDP has continued to create strategic partnerships with emerging economies and establish centres for sharing knowledge and experience. An innovative collaboration agreement signed in 2013 by FAO, the Brazilian Technical Cooperation Agency and the Brazilian Agricultural Research Corporation has enabled experts from the latter to provide their technical expertise to developing countries through FAO. The United Nations Environment Programme (UNEP) also scaled up its support to South-South cooperation in the context of the implementation of the Convention on Biological Diversity. UNEP launched its South-South Cooperation Exchange Mechanism, which has links with the network of centres of excellence that work towards achieving the aims of the Convention and which supports the implementation of the Multi-Year Plan of Action for South-South Cooperation on Biodiversity for Development.

43. The United Nations system of organizations undertook a number of evaluations of their various South-South cooperation activities during the reporting period. In 2012, UNDP evaluated its contribution to South-South and triangular cooperation during the period 2009-2011. The findings of the evaluation and the management response formed the basis of a clear articulation of South-South cooperation in its strategic plan for 2014-2017. In 2012, FAO conducted an internal review of its 15 years of work, which brought to light areas for improvement in the

[12] Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

implementation, monitoring and evaluation of its South-South cooperation programme. Also during the reporting period, UNIDO undertook evaluations of its centres for South-South industrial cooperation in China and India, which brought to light important lessons, including the need to focus on the private sector for funding and technology transfer.

44. Other important areas of support included research on and analysis of South-South cooperation. A number of influential reports were prepared by United Nations system organizations that highlighted the growing potential of South-South and triangular cooperation for supporting sustainable and equitable development in countries of the South. The annual *World Trade and Development Report* and the *World Investment Report* of the United Nations Conference on Trade and Development (UNCTAD) have tracked the "rise of the South" more closely than any other expert body of literature. A number of UNCTAD special reports have cast light on particular aspects of South-South cooperation, including the development of biofuels and the growth of international trade in organic foods. In 2013, ECA, in collaboration with the African Union Commission, published a report that brought to light the opportunity for African countries to create jobs and promote economic transformation through a commodity-based industrialization.

45. The United Nations Office for South-South Cooperation has institutionalized its three-in-one multilateral South-South support architecture comprising the Global South-South Development Academy, the Global South-South Development Expo and the South-South Global Assets and Technology Exchange. The Academy, which provides knowledge products and services, has enabled development partners to gain access to more than 13,000 Southern experts and information about over 300 successful experiences in all areas of the Millennium Development Goals. With the co-sponsorship and active participation of 25 organizations of the United Nations, the 2012 Expo, hosted by UNIDO, once again served as a powerful system-wide platform for thinking as one, acting as one and delivering as one. At the Expo, some 1,000 champions and practitioners of South-South and triangular cooperation from the public and the private sectors showcased and were involved in around 60 of the most successful sustainable development solutions, with the aim of increasing their scale. The South-South Global Assets and Technology Exchange, with its current listing of over 4,000 transferable technologies in low-cost housing, agriculture, health, renewable energy and the environment, has added a dedicated new service to help to match demand with the supply of policy and technology solutions that could make significant contributions to the Every Woman, Every Child initiative.

C. Private sector and civil society

46. Corporations based in developing countries have driven the South-South agenda on a larger scale and more effectively than any other interest group, but they have also contributed to unsustainable patterns of resource extraction with little or no diversification of local economies. Giant corporations based in the South that trade commodities, manufacture a range of consumer goods and construct everything from factories and roads to dams and railways have been the most visible face of cooperation among developing countries. In contrast, a cloak of invisibility rests over the myriad small and medium-sized enterprises that carry on the small trade that gives weight to neighbourly relations among developing countries. For

instance, such enterprises are primarily responsible for pushing the share of manufactured items in intra-African trade up to 60 per cent. In the Asia-Pacific region, there is increasing recognition that, in any strategy for a rapid expansion of South-South trade in goods and services, especially tourism, such enterprises must have a key role. The secretariat of ESCAP has established a task force to work on a strategy for collaboration with the private sector.

47. Governmental recognition that South-South links are the most vital when driven by market forces is reflected in the institutions that they have established to promote that involvement. Both China and India have export-import banks that support trade with other developing countries. In the Middle East, there is the $44 billion Islamic Development Bank, established by the Organization of Islamic Cooperation in Jeddah, Saudi Arabia. The portfolio of loans and investments of the Bank is spread over many Islamic countries in Africa and Asia. The $9 billion Arab Fund for Economic and Social Development provides soft loans to Governments and both public and private corporations.

48. Civil society organizations have a unique and irreplaceable role across the entire gamut of South-South cooperation. They are most valuable in energizing and empowering those who would otherwise be left out of the ambit of development and in raising moral and ethical issues that otherwise might receive no attention. Although traditionally not for profit, many civil society organizations use the logic of the market to design their projects to be economically sustainable. For instance, the organization Innovation: Africa promotes the use of solar energy using a micro-business model from Israel to establish its facilities in rural schools, orphanages, medical clinics and water pumping systems in East Africa. To date, every one of its 63 projects generates enough income to fund its own maintenance and is remotely monitored by technicians to minimize the cost of field trips.

49. Another example of how non-profit organizations adopt for-profit models is the Arusha-based East African Business Council, comprising 191 members, including umbrella associations, which aims to become integrated into the East African Community by lobbying Governments for the creation of a statistical bureau and lobbying institutions on the issues of economic surveillance, compliance and enforcement.

50. Community groups in Ghana, Guinea, Guinea-Bissau, Liberia, Mauritania, Senegal and Sierra Leone are part of a regional programme supported by the World Bank to protect the rich biodiversity of coastal fisheries. The fishing industry in those countries is estimated to generate annual revenues of $4.9 billion and support in total some 10 million African livelihoods.

51. A network established by the Ethiopian Cities Association is helping administrators in 28 Ethiopian urban areas to exchange experiences and lessons learned on issues such as slum upgrading and the implementation of urban renewal plans.

V. Recommendations

52. **The world is in a period of epoch-making political, economic and technological transitions marked by global power balances and advanced technologies that offer new opportunities for South-South cooperation to be**

directed towards the most urgent task of eliminating poverty. To leverage the emerging opportunities that South-South cooperation presents and minimize related risks, Member States may wish:

(a) To consider the measures needed to strengthen the governance of South-South cooperation in the United Nations system by updating the composition and working arrangements of the High-level Committee on South-South Cooperation;

(b) To foster complementarities between North-South and South-South cooperation through greater evidence-based policy dialogue on strategic cross-cutting issues, such as the provision of public goods and the application of science, technology and innovation to the pursuit of sustainable development;

(c) To boost multilateral forms of South-South cooperation through financial contributions to the United Nations Fund for South-South Cooperation and urge the United Nations Office for South-South Cooperation and other United Nations entities to leverage one another's strengths to bring South-South and triangular cooperation into the mainstream of their operational activities for development;

(d) To strengthen the existing institutions for the management of South-South cooperation and establish new mechanisms, where necessary, in order to better address the aspirations of the South for a greater voice and to translate South-South solidarity into practical actions to deal with infrastructure deficits and the rapid demographic shifts in the South that require new solutions to meet the needs of billions of people who still lack electricity, clean water, sanitation and many other essential goods and services;

(e) To increase support for triangular cooperation, focusing on shared development priorities and with the involvement of Northern and Southern partners in Government, civil society and the private sector;

(f) To strengthen the coherence and coordination of United Nations support to South-South cooperation by increasing the human and other resources to improve the effectiveness of the United Nations Office for South-South Cooperation in the provision of secretariat services to the High-level Committee on South-Scuth Cooperation and in liaising with other organizations and agencies of the United Nations system, in order to spur the implementation of the framework of operational guidelines on United Nations system support to South-South and triangular cooperation.